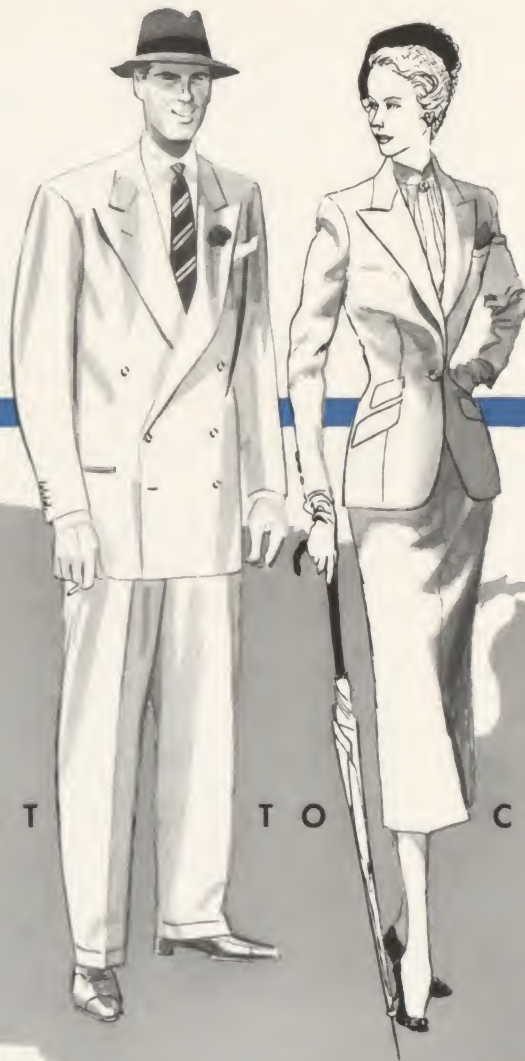


MORE MEN AND WOMEN WEAR BOND CLOTHES THAN ANY OTHER CLOTHES IN AMERICA

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CORPORATION FILE



COAST TO COAST

annual report

YEAR ENDED DECEMBER 31, 1950

BOND STORES, INCORPORATED

OFFICERS

BARNEY RUBEN	<i>Chairman of the Board and President</i>
IRVING COHEN	<i>Vice-President</i>
JAMES W. CONNORS	<i>Vice-President</i>
SYLVAN N. KING	<i>Vice-President</i>
IRVING MOSELOWITZ	<i>Vice-President</i>
LOUIS A. GOOD	<i>Vice-President</i>
MAURIE SANGER	<i>Vice-President</i>
LOUIS B. BERMAN	<i>Vice-President</i>
ELLIS H. SCHECHTMAN	<i>Secretary and Treasurer</i>
CARL F. KLEMENGER	<i>Assistant Secretary</i>

BOARD OF DIRECTORS

BARNEY RUBEN	IRVING MOSELOWITZ
IRVING COHEN	ELLIS H. SCHECHTMAN
JAMES W. CONNORS	HERBERT H. MAASS
SYLVAN N. KING	JOHN M. HANCOCK
MAURIE SANGER	

TRANSFER AGENT

BANK OF THE MANHATTAN COMPANY
40 Wall Street • New York 5, N. Y.

REGISTRAR

THE COMMERCIAL NATIONAL BANK AND TRUST
COMPANY OF NEW YORK
46 Wall Street • New York 5, N. Y.

This report to stockholders is published solely for the purpose of providing information. It is not part of the proxy soliciting material being sent to stockholders, and is not to be used as such; nor is it a representation, prospectus or circular in respect of any stock or security of any corporation and is not transmitted in connection with any sale, negotiation for the sale, or offer to sell or buy, or to induce the purchase, of any stock or security.

BOND STORES, INCORPORATED

380 FIFTH AVENUE AT 35TH
NEW YORK 18, N. Y.

TO OUR STOCKHOLDERS:

The year 1950 was in many respects characterized by changing economic conditions. Despite the decline in volume and increases in salaries, wages and other costs, operations for 1950 resulted in higher net profits than in the preceding year, indicating an improved ratio of cost of operations to sales.

The early months of last year reflected a decline in retail apparel purchases, which trend was arrested by mid-year. During the latter half of the year, sales showed an increase as compared with the same period of 1949, which comparable condition has continued into 1951.

Because of raw material shortages, there is a possibility of a change from a buyers' to a sellers' market. Your Company enjoys an advantageous position in that regard through its inventories, which at December 31, 1950 were substantially greater than as at the 1949 year-end, not only in dollars but in units as well. Our inventories together with advantageous commitments should satisfactorily sustain us in the greater volume anticipated for the full year of 1951.

In the light of conditions which existed in 1950, we feel that the year was a successful one. As a result of the improvement in the trend of apparel purchases and cost ratios, your management is optimistic about the immediate future. In the period ahead controls on business and the defense program will have a marked effect on civilian economy, which makes it undesirable to make projections beyond the next several months. If there is no major unfavorable change in our economic conditions, we are confident that our over-all operating profits for 1951 will be good.

For many years your management has recognized the value of a stock ownership in the Company by employees who contribute to its growth and continued financial success. Accordingly, your management recommends to stockholders that the Board of Directors be authorized to grant options to officers, executives and key employees of the Company and its subsidiaries to purchase an aggregate of not exceeding 300,000 shares of the Common Stock of the Company, as more particularly set forth in the accompanying notice of Annual Meeting and related Proxy Statement.

I regret the sudden passing of Maurice Wertheim who was a director of your Company for many years. His conscientious and valued services as a director will be missed.

The cooperation received during the past year from suppliers of our raw materials and products has been most gratifying. Many of these suppliers have been associated with our Company for a great many years and their cooperation has contributed toward the maintenance of our policy of creating for our customers outstanding values in our merchandise.

On behalf of the Board of Directors I acknowledge with deep appreciation the excellent performance of our many employees in our general offices, factories and retail stores. Their loyalty, enthusiasm and alert, friendly attention to the requirements of our business and the needs of our customers are among the Company's most valuable assets.

Respectfully submitted,

March 27, 1951.

Barney Ruben

President.

highlights of 1950

SALES

Total sales for the year 1950 of \$76,213,726.43 compared with \$82,886,509.08 in the preceding year, reflecting a reduction of \$6,672,782.65, or 8.1%, although, as set forth below, earnings were greater. The reduction in sales was due to the decline in consumer demand during the first six months of the year. The reversal of this condition can be noted from the fact that a comparison of the first six months of the year with the preceding year reflects a decline in volume of 16.4%, whereas the second half of the year reflects an increase of .4%, and every month, with the exception of September, showed an increase. This improvement has continued to date into 1951 including March, January and February sales reflecting an increase of 16.3% over the same months of the preceding year. The decline in September, 1950, volume resulted from normal operations, and may be discounted when compared with September, 1949, which reflected a temporary policy of promotion.

EARNINGS

Net earnings for the year 1950, both before and after Federal income taxes, exceeded those of the preceding year despite the fact that Federal income taxes were higher. Net earnings for the past year were \$5,495,029.23 before such taxes and \$3,175,254.23 after such taxes as compared with \$4,729,005.96 and \$3,007,203.45 respectively for the prior year. Federal income taxes for 1950 were \$2,319,775.00 as compared with \$1,721,802.51 for 1949. 1950 net earnings amounted to \$1.88 per share on the Common Stock of the Company. The increased earnings despite the decline in volume is attributable to a substantial reduction of operating costs and to the maintenance of normal business without unusual promotions and the attendant mark-downs resulting therefrom, such as resulted from the Company's temporary policy of promotions in the preceding year. Despite the improved ratio of earnings to volume, management will continue its efforts to make further economies.

EXCESS PROFITS TAXES

The Company has a favorable excess profits tax credit basis under the Excess Profits Tax Act of 1950. On the basis of such Act, the estimated combined excess profits credit for 1950 of the Company and its subsidiaries (which are not expected to file consolidated tax returns) is approximately \$12,000,000.00.

CURRENT POSITION

Inventories at the end of the year of \$22,196,257.15 were \$5,422,988.24 greater than the inventories of \$16,773,268.91 at the end of the preceding year. Commitments for the remainder of the year are substantial and have been made on favorable terms. Net working capital amounted to \$28,175,383.85; the ratio of current assets to current liabilities was 4.2; the parent Company continues to have no bank debt and no funded debt and to have no present intention of borrowing. The book value per share of the Common Stock was \$24.69, whereas such book value was \$23.81 on December 31, 1949.

DIVIDENDS

Dividends during 1950 aggregated \$1.00 per share. Total dollars distributed for the year were \$1,688,383.00 and the balance of net income has been added to earned surplus.

STORES

During the past year, one additional smaller store located on Whittier Boulevard in suburban Los Angeles, California, was opened, and a new replacement larger store was opened in Pittsburgh, Pennsylvania. Since the beginning of the current year, one additional unit has been opened in Lincoln, Nebraska. In accordance with the current policy of the Company of limiting capital investments in new stores, expenditures for building and fixturing these stores were substantially or entirely borne by the landlords. It is intended from time to time to open additional units, on



Bond

serves the
entire family

a similar basis, that is, a limited capital investment on the part of the Company. A retail store at our Style Manor plant in Rochester, New York, has also recently been opened. At the present time 72 stores are in operation. Based on a new program for expanding the distribution of clothing manufactured by the Company, we licensed during the latter half of last year a number of established, representative retail clothing stores to handle "Bond Clothes" products exclusively. The results of operations of these stores to date have been satisfactory and encouraging. It is intended to further expand our efforts in this field on a conservative basis, and to license only as many additional representative stores as we feel we can adequately service in the light of current conditions.

FACTORIES

Our Rochester, New York, factories are in substantial operation and our New Brunswick, New Jersey, factory is in full operation. The manufacturing facilities of Style Manor, our new Rochester plant, are being utilized to a greater extent. Additional activities of our older Rochester plant have been transferred to this new plant. Our shirt factory at Meridian, Mississippi, is also operating at full capacity. We have been able to increase production in this plant in keeping with our increased requirements and have concluded to dispose of our Glens Falls, New York, shirt factory.

GOVERNMENT CONTROLS

Price and wage controls have recently been established. A number of changes have been made in the original orders and others are to be expected. It is too early to tell the effect of these controls with regard to higher costs and their effect on business. The price controls relate to substantially all of the Company's products and it is also too early to determine their effect on increases or decreases in prices.

GENERAL

Prior to the establishment of price controls many of our raw materials and products had increased in price. Increased prices are particularly true in respect of wool which is not now subject to price control. In December, 1950, the price of raw wool of the quality used in our clothing, had increased 65% over the price at the beginning of the year, and the price had further increased so that at the present time it is 34% higher than in December, or approximately 125% higher than at the beginning of 1950.

As set forth in the Notice of Annual Meeting and related Proxy Statement accompanying this report, stockholders will take action upon a proposal to authorize the Board of Directors to grant options to officers, executives and key employees of the Company and its subsidiaries to purchase an aggregate of not exceeding 300,000 shares of Common Stock of the Company, as outlined in the Proxy Statement. Your management believes that the Company and its shareholders will benefit substantially from the acquisition by officers, executives and key personnel of a proprietary interest in the Company or the increase in any such interest they may presently have.

Since the commencement of hostilities in Korea, news having again taken on a position of importance, the Company has resumed the sponsorship of numerous radio news broadcasts. In addition, television programs have been added in a number of key cities to the Company's regular advertising program.

BOND STORES, INCORPORATED A
CONSOLIDATED BALANCE SH

ASSETS

Current Assets:

Cash on hand and in banks		\$4,128,392.15
Accounts receivable—customers	\$10,674,934.20	
Less: Reserve for doubtful accounts	325,082.54	10,349,851.66
Miscellaneous accounts receivable, sales tax stamps, etc.		228,657.21
Merchandise inventories—Note A:		
Woolens, trimmings, etc.	\$3,146,279.93	
Work in process	1,903,034.97	
Finished goods	17,146,942.25	22,196,257.15
Total Current Assets		\$36,903,158.17

Miscellaneous Other Assets 251,116.08

Fixed Assets—at cost—Note B:

Land and buildings	\$16,441,077.67	
Less: Reserves for depreciation	1,774,355.30	\$14,666,722.37
Machinery, furniture, fixtures and equipment	\$6,034,371.24	
Less: Reserves for depreciation	2,025,686.94	4,008,684.30
Alterations, improvements and leaseholds	\$6,057,552.60	
Less: Reserves for amortization	1,054,552.76	5,002,999.84
		23,678,406.51

Deferred Charges:

Prepaid rent and advances to landlords on improvements		
to leased properties	\$1,564,199.70	
Unexpired insurance and other prepaid expenses	581,450.18	2,145,649.88
		<u>\$62,978,330.64</u>

The Notes to Consolidated Financial Statements are an integral

ND WHOLLY-OWNED SUBSIDIARIES

EET AS AT DECEMBER 31, 1950

LIABILITIES

Current Liabilities:

Accounts payable	2,710,888.01
Deposits, due to customers, etc.	580,542.09
Accrued salaries, taxes other than Federal taxes on income, expenses, etc.	2,746,335.80
Reserve for Federal taxes on income—Note C	2,326,021.59
Mortgages and mortgage bonds payable—current installments—Note B	363,986.83
Total Current Liabilities	<u>\$8,727,774.32</u>

Mortgages and Mortgage Bonds Payable by Subsidiaries—Note B	\$12,919,218.62	
Less: Current installments shown above	<u>363,986.83</u>	12,555,231.79

Capital Stock:

Preferred Stock—par value \$100.00 per share:

	<u>Shares</u>
Authorized—to be issued in series as designated by the Board of Directors	100,000
Retired and cancelled	<u>60,000</u>
Authorized—but not designated	<u>40,000</u>

Common Stock—par value \$1.00 per share:

Authorized	2,500,000	
Issued and outstanding	<u>1,688,383</u>	1,688,383.00

Capital Surplus (no change during the year)	\$11,596,135.77	
Earned Surplus—Exhibit B	<u>28,410,805.76</u>	40,006,941.53
		<u>\$62,978,330.64</u>

part of this statement and should be read in conjunction herewith.

BOND STORES, INCORPORATED
AND WHOLLY-OWNED SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME AND EARNED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1950

Sales		\$76,213,726.43
Cost of goods sold, and stores and general and administrative expenses, exclusive of depreciation and amortization		70,036,844.83
		<u>\$ 6,176,881.60</u>
Add:		
Income from real estate operations of certain subsidiaries, before deducting depreciation—Note D	\$ 271,127.62	
Other income	455,402.80	726,530.42
		<u>\$ 6,903,412.02</u>
Deduct:		
Depreciation and amortization	\$ 1,308,790.96	
Other deductions	99,591.83	1,408,382.79
		<u>\$ 5,495,029.23</u>
Net income before Federal taxes on income		\$ 5,495,029.23
Provision for Federal taxes on income—Note C		2,319,775.00
		<u>\$ 3,175,254.23</u>
Net income		\$ 3,175,254.23
Earned Surplus as at December 31, 1949		26,923,934.53
		<u>\$30,099,188.76</u>
Dividends on Common Stock		1,688,383.00
Earned Surplus as at December 31, 1950—Exhibit A		<u>\$28,410,805.76</u>

The Notes to Consolidated Financial Statements are an integral part of this statement and should be read in conjunction herewith.

BOND STORES, INCORPORATED
AND WHOLLY-OWNED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 1950

NOTE A: Merchandise inventories are stated at or below the lower of cost (prime cost as to goods manufactured by the Corporation, retail inventory method as to furnishings and invoice cost as to other merchandise, substantially on the "first-in, first-out" basis) or replacement market. These methods for pricing the merchandise inventories are consistent with the practice of prior years.

NOTE B: Land in the amount of \$5,806,965.27, and buildings in the amount of \$10,634,112.40, totaling \$16,441,077.67 are comprised principally of property located at 45th Street and Broadway, New York City, owned by Adda, Inc., a wholly-owned subsidiary; properties in Rochester, New York, including the factories owned by Style Manor, Inc., a wholly-owned subsidiary; property located in Chicago, Illinois, owned by Stajac, Inc., a wholly-owned subsidiary; a factory in New Brunswick, New Jersey; and the shirt factories, owned by wholly-owned subsidiaries.

The property owned by Adda, Inc., a wholly-owned subsidiary, is subject to a first mortgage in the amount of \$3,214,157.79, payable in quarterly installments to December 13, 1959. The property located in Chicago, Illinois, owned by Stajac, Inc., a wholly-owned subsidiary, is subject to a first mortgage in the amount of \$3,346,000.00, payable in quarterly installments to December 17, 1967. The factories located in Rochester, New York, owned by Style Manor, Inc., a wholly-owned subsidiary, are subject to a first mortgage in the amount of \$6,165,000.00, payable in quarterly installments to December 15, 1968. The property located in Syracuse, New York, owned by Syrabond Realty Corporation, a wholly-owned subsidiary, is subject to a first mortgage in the amount of \$194,060.83, payable in monthly installments to July 1, 1964. At each of the said dates the unamortized balance of the respective mortgage becomes due and payable. The Corporation is not liable under any of such mortgages, being in each case a lessee of the property, or a substantial part thereof, under a long-term lease; such leases are assigned as security under the mortgages, respectively.

NOTE C: The Federal income and excess profits tax returns of the Corporation have been examined up to and including the year ended December 31, 1947 and all assessments have been paid.

The Corporation has filed claims under Section 722 of the Internal Revenue Code for refund of a substantial amount of excess profits taxes for the years 1940 to 1945, inclusive. No effect has been given to these claims in the accompanying financial statements.

The accompanying financial statements are subject to final determination of Federal, state and local taxes.

NOTE D: This item includes inter-company rental on property partly occupied by the parent company.

GENERAL: At the next Annual Meeting of Stockholders, action is intended to be taken upon a proposal to authorize the Board of Directors to grant options to officers, executives and key employees of the Company and its subsidiaries to purchase an aggregate of not exceeding 300,000 shares of Common Stock of the Company at a price representing 85% of the fair market value at the time the option is granted.

As at December 31, 1950, the aggregate minimum annual rental upon real property leases, other than inter-company leases, expiring after December 31, 1953 amounted to approximately \$1,877,865.00. Certain of these lease agreements provide for additional rentals based on sales or for payment of certain expenses, such as real estate taxes and maintenance costs.

ACCOUNTANTS' REPORT

To the Board of Directors,
BOND STORES, INCORPORATED,
New York, N. Y.

We have examined the consolidated balance sheet of Bond Stores, Incorporated and wholly-owned subsidiaries as at December 31, 1950 and the related consolidated statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statement of income and earned surplus, together with the notes to consolidated financial statements, present fairly the consolidated financial position of Bond Stores, Incorporated and wholly-owned subsidiaries at December 31, 1950, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

S. D. LEIDESDORF & CO.

New York, N. Y.
March 27, 1951

Fine tailoring joins with economy
of America's largest production in

BOND'S WORKROOMS

A few views of how Bond Clothes are produced by expert craftsmen at Bond Style Manor, Rochester, N. Y., largest of the three gigantic Bond tailoring plants.



BOND STYLE MANOR ... The nation's largest and most modern tailoring plant.



COLD WATER SHRINKING—Recently installed at Bond Style Manor, this process is designed to give longer lasting shape-holding qualities and finer fabric finish to Bond suits and coats.



TOP-QUALITY FABRICS — Bond buys and uses more high quality wear-tested worsted than any other clothier. Selected and purchased directly from America's best known mills, our standards call for only the finest weaves.



CUTTING ROOM — Almost two acres in size — the nation's largest! (Section shown above.) Tremendous facilities and excellent working conditions are important factors which contribute to Bond's quality production.



SKILLED NEEDLEWORK — Rochester, N. Y., is world-famous for its superior quality clothing. At Style Manor, thousands of Rochester's most skilled craftsmen apply their deft fingers to the tailoring of Bond Clothes.

These are a few of the reasons why
more men and women wear Bond Clothes
than any other clothes in America

BOND STORES AND AGENCIES ARE LOCATED IN THE FOLLOWING CITIES

AKRON, OHIO	GERMANTOWN, PA.	OAKLAND, CALIF.
ALBANY, N. Y.	*GREENVILLE, S. C.	OKLAHOMA CITY, OKLA.
ALTON, ILL.	HARRISBURG, PA.	OMAHA, NEB.
*ASBURY PARK, N. J.	HARTFORD, CONN.	PATERSON, N. J.
ATLANTA, GA.	HOLLYWOOD, CALIF.	PHILADELPHIA, PA.
*AUGUSTA, GA.	HOUSTON, TEXAS	PITTSBURGH, PA.
BALTIMORE, MD.	HUNTINGTON PARK, CALIF.	*POTTSTOWN, PA.
BIRMINGHAM, ALA.	*JACKSONVILLE, FLA.	PROVIDENCE, R. I.
BOSTON, MASS.	JERSEY CITY, N. J.	*RACINE, WISC.
BUFFALO, N. Y.	KANSAS CITY, MO.	READING, PA.
CHICAGO, ILL. (5 stores)	LINCOLN, NEB.	ROCHESTER, N. Y. (2 stores)
CINCINNATI, OHIO	LORAIN, OHIO	SAN FRANCISCO, CALIF.
CLEVELAND, OHIO	LOS ANGELES, CALIF. (2 stores)	SAVANNAH, GA.
COLUMBUS, OHIO	LOUISVILLE, KY.	SCHENECTADY, N. Y.
*CORPUS CHRISTI, TEXAS	*LYNCHBURG, VA.	SCRANTON, PA.
DALLAS, TEXAS	*MANCHESTER, N. H.	SPRINGFIELD, MASS.
DAYTON, OHIO	MEMPHIS, TENN.	ST. LOUIS, MO.
DES MOINES, IOWA	MILWAUKEE, WISC.	SYRACUSE, N. Y.
DETROIT, MICH. (2 stores)	NEWARK, N. J.	TOLEDO, OHIO
*ELMIRA, N. Y.	NEW BRUNSWICK, N. J.	TRENTON, N. J.
*ERIE, PA.	NEW HAVEN, CONN.	*UPPER DARBY, PA.
FALL RIVER, MASS.	NEW YORK, N. Y. (9 stores)	WASHINGTON, D. C.
FLINT, MICH.		WILKES-BARRE, PA.
		YOUNGSTOWN, OHIO

Factories in Rochester, N. Y. and New Brunswick, N. J.

*AGENCIES

